

Council on Postsecondary Education
November 5, 2001

2002-04 Operating and Capital Budget Request

Council Action:

- Approved the 2002-04 Operating and Capital Budget Recommendations as presented herein which total \$1,156,304,100 for 2002-03 and \$1,251,420,500 for 2003-04 for the universities, the Kentucky Community and Technical College System, and Lexington Community College; the Strategic Investment and Incentive Trust Funds; and the Council on Postsecondary Education, including the KYVU and KYVL and pass-through programs.
- Established five priorities for 2002-04:
 - Continue to pay for enrollment and retention increases from 1998 to 2001.
 - Pay for additional enrollment growth and retention increases that occur in the fall 2002.
 - Continue to create capacity for developing the new economy.
 - Support two equal educational opportunity programs.
 - Maintain full support for need-based financial aid.

The 2002-04 operating and capital budget request and the eventual appropriations bill will lay the groundwork for postsecondary education reform for the next biennium. The council is responsible for submitting a 2002-04 operating and capital budget request that includes the following four budget components:

- Operating request for the institutions including base adjustments, base increases (benchmark funding), and special funding requests (Attachment A).
- Strategic Investment and Incentive Trust Funds request (Attachment B).
- Capital outlay request for the institutions and the trust funds (Attachment C).
- Operating and capital request for the agency, the KYVU and KYVL, and pass-through programs (Attachment D).

A summary of the recommended state General Funds budget for postsecondary education is inserted in the agenda book (purple card). The postsecondary education budget includes the need-based financial aid programs administered by the Kentucky Higher Education Assistance Authority. But the council is not responsible for KHEAA's funding recommendation.

Given the state's revenue forecast, the council established essential funding priorities for 2002-04. To continue the reform, council approved five top priorities for the next biennium:

- Fund enrollment growth and retention increases that have occurred since the 1997 reform act.
- Provide enrollment and retention funds for growth in fall 2002.
- Provide funds which continue to create a knowledge-based economy, including the Endowment Match Program and engineering and information technology academic programs.
- Provide recurring funds for two equal educational opportunity programs.
- Maintain full support of need-based financial aid.

These priorities are highlighted on the summary schedule.

The council's request includes the following:

- A state appropriation recommendation to the Governor and the 2002 General Assembly which totals \$1,045,991,000 in 2002-03 and \$1,081,958,300 in 2003-04 for the universities, the Kentucky Community and Technical College System, and Lexington Community College. (See Attachment A.)
- A state appropriation recommendation of \$89,581,800 in 2002-03 and \$148,305,000 in 2003-04 for the eight existing incentive trust funds and two new trust funds, enrollment growth and retention, and teacher quality. (See Attachment B.)
- The 2002-04 Trust Fund Guidelines presented in Attachment B.
- \$30 million in state bonds for a capital renewal and maintenance pool with a required match from the institutions of \$24 million. (See Attachment C.)
- A \$5,937,000 capital renovation project for Kentucky State University. (See Attachment C.)
- Council endorsement of 16 capital projects, which total \$340,609,000 million, including a systemwide equipment replacement pool. (See Table C-2.)
- 2002-04 authorization for an agency-funded capital bond pool and for agency-funded equipment and capital projects. (See Tables C-4 and C-5.)
- 2001-02 authorization for two agency-funded projects for Western Kentucky University including the renovation of the E.A. Diddle Arena and completion of an energy efficiency project.
- A state appropriations request of \$20,731,300 in 2002-03 and \$21,157,200 in 2003-04 for Council on Postsecondary Education operations, the KYVU and KYVL, and pass-through programs. (See Attachment D.)

The total operating request represents a net increase of \$46.1 million, or 4.1 percent, in 2002-03 and \$95.1 million, or 8.2 percent, in 2003-04 (excluding need-based financial aid which is administered by KHEAA).

Council on Postsecondary Education
November 5, 2001

2002-04 Operating Recommendation

The council staff recommends a state appropriation operating request for the public institutions of \$1,046.0 million in FY 2002-03 and \$1,082.0 million in FY 2003-04. Each institution's funding recommendation is shown on Table A-1. The recommendation includes \$35.9 million in FY 2002-03 and \$34.8 million in FY 2003-04 of expansion funds for the institutions. The expansion funds are for benchmark funding (or inflationary increases) and special requests. The operating recommendation includes:

- Benchmark funding and inflationary increases of \$34.6 million in FY 2002-03 and an additional \$34.8 million in FY 2003-04.
- Transfer of \$23.6 million from the trust funds to the institutions' base appropriations for enrollment growth and retention, action agenda, workforce training, and faculty development programs.
- Funds for the maintenance and operation of new facilities coming on-line in the 2002-04 biennium (\$2.7 million for FY 2002-03 and \$3.4 million for FY 2003-04).
- Other base adjustments including changes in state-supported debt service and the University of Louisville hospital contract.
- \$1,313,500 in FY 2002-03 and an additional \$28,800 in FY 2003-04 for two special funding requests.

Each of these components is described below.

Benchmark Funding

The council, in cooperation with the institutions and the executive and legislative branches, developed a benchmark funding model for the 2000-02 operating recommendation. The following benchmark funding components were changed to calculate the 2002-04 funding recommendation.

Debt Service and Mandated Programs. State funds for debt service and mandated public service and research programs having no student enrollment or instructional function have been deducted from the state support amounts at the benchmark and Kentucky institutions. The deductions were obtained through a survey of the benchmark and Kentucky institutions conducted by MGT of America, Inc. A copy of the report is provided as a separately bound document.

Funding Objective. A measure of central tendency (defined as an average of a set of observations such as a mean, median, or percentile) was used to determine the 2002-04 funding objective for each institution. At its September 2001 meeting, the council approved the average of the 50th, 55th, and 60th percentiles as the funding objective.

Tuition and Fees Revenue Standard Deduction. At its May 2001 meeting, the council established a standard tuition and fees revenue deduction of 37 percent for the public universities, excluding Kentucky State University. For the KCTCS, KSU, and Lexington Community College the standard deduction is 30 percent. The standard or budgeted tuition and fees revenue, whichever was lower, was deducted from the public funds amount to determine the 2002-04 state appropriation objective. A summary of the 2002-04 tuition and fees revenue deduction is provided in Table A-2.

Enrollment. Due to the recent and projected increases in enrollment, the council staff and institutional representatives agreed to use estimated fall 2001 full-time equivalent student enrollments to calculate the 2002-04 funding needs. A summary of each institution's fall 1998 and fall 2001 enrollments are shown in Table A-3.

Phase-In. The funding recommendation for each institution is based on either a four year phase-in of the benchmark funding need or the *2002-04 Branch Budget Request Guidelines* (promulgated by the Legislative Research Commission) inflationary increase of 2 percent each year, whichever is greater. The council staff limited the benchmark funding annual increase to 8 percent. A summary of the recommended benchmark funding or inflationary increase is included in Table A-4. The total recommendation for each year is:

FY 2002-03	\$34,620,800
FY 2003-04	\$34,751,000

Transfer of 2000-02 Trust Funds

The council staff recommends permanently transferring some of the 2000-02 trust funds to the institutions. These program funds include earned enrollment growth and retention, action agenda, workforce training, and faculty development. The transfer amounts to each institution are shown on Table A-4.

Base Adjustments

Maintenance and Operation for New Facilities. Funding is provided for maintenance and operation of new educational and general facilities that will come into use during the biennium: \$2.7 million in FY 2002-03 and an additional \$3.4 in FY 2003-04.

Other Base Adjustments. Other recommended changes to the institutions' base appropriations include:

- Transfer of \$600,000 to the University of Kentucky for the Collaborative Center for Literacy Development. This program is currently funded in the council's agency budget as a pass-through program.
- Net decreases in state supported debt service of \$3.1 million in FY 2002-03 and \$2.9 million in FY 2003-04.
- Increases of \$625,100 in FY 2002-03 and \$648,100 in FY 2003-04 for the state's contractual obligation related to indigent care provided through the quality and charity care trust agreement at the University of Louisville hospital.

Special Funding Requests

The council provided the institutions the opportunity to request state general funds for special or meritorious initiatives not funded by the benchmark funding model. The institutions submitted 24 special requests totaling \$28.9 million for 2002-03 and \$28.0 million for 2003-04. At its May 2001 meeting, the council approved guidelines and evaluation criteria for the special funding requests.

The institutions were asked to submit no more than two requests for the 2002-04 biennium. The requests were not to include funding for personnel or operating cost increases normally funded in base budgets such as utilities and health insurance.

Each request for special funding was evaluated by council staff based on a set of criteria approved by the council at its May 2001 meeting. The criteria specified that the requests were to be unique in nature, be collaborative with other institutions where feasible, not be funded from the institution's existing base or through a trust fund, and further the goals of the council's *2020 Vision, 2001-06 Action Agenda*, and the five questions.

The staff recommends that three requests be included in the council's recommendation. A summary of each request follows.

Kentucky State University - Land Grant Match. Under provisions of the Agricultural Research, Extension, and Education Reform Act of 1998, federal funds provided to 1890 land-grant colleges and universities for cooperative agricultural research and extension programs require a 50 percent non-federal match for each year of the 2002-04 biennium.

For KSU, there is a non-federal matching requirement of about \$2.3 million for FY 2002-03 and \$2.4 million for FY 2003-04. KSU requested \$5.4 million of nonrecurring state funds and \$2.4 million of recurring state funds for FY 2002-03 and FY 2003-04. KSU requested that the state fully fund the required match for the federal research and extension programs with new appropriations. But the majority of the required match is already provided in the institution's base appropriation and has been recurring since 1984. The staff recommends that KSU receive an additional \$487,800 in FY 2002-03 and \$502,400 in FY 2003-04 to fully fund the non-federal match in the 2002-04 biennium.

Eastern Kentucky University's Interpreter Training Program. The council staff recommends \$109,600 in FY 2002-03 and \$123,800 in FY 2003-04 for ECU's Interpreter Training Program (ITP). For the past five years, the Department of Vocational Rehabilitation (DVR) has been a principal source of financial support for the program. Recent federal and state budget cuts have necessitated a 50 percent reduction in the level of support provided by the DVR for 2002-04. The recommendation will provide replacement funding for the ITP both on ECU's main campus and for its cooperative program at the University of Louisville, excluding indirect costs and net of tuition revenue. The primary goal of the ITP is to expand educational and employment opportunities for Kentucky's deaf citizens through direct instruction, outreach, and service activities.

University of Louisville - Trover Clinic.

The council staff recommends \$716,100 annually in replacement funding for the University of Louisville's off-campus teaching center for medical education. Published literature shows that doctors tend to set up practice in towns like those in which they train. The Trover Clinic, located in Madisonville, Kentucky, represents U of L's commitment to a regional campus concept. During 1998-2000, the center was supported each year with non-recurring equal contributions from U of L and the Trover Foundation. For 2000-02, the program was funded with a non-recurring appropriation from coal severance tax receipts. The recommended amount is net of projected tuition revenue and does not include indirect cost reimbursements.

Enhancement of Kentucky State University

Kentucky State University submitted a request for enhancement funding October 22, 2001. The university requests \$4.98 million for each year of the next biennium. KSU's request is for interim enhancement funding while an independent consulting organization conducts a thorough programmatic and fiscal review. The council staff recommends that the council consider the request when the independent study is completed.

Table A-1
Revised 11/08/01

2002-04 OPERATING RECOMMENDATION
FISCAL YEAR 2002-03

Institution	Base Adjustments						Operating Increase					
	2001-02 Revised Appropriation	Transfer of Pass Through Programs	Change in Debt Service	M&O for New Facilities Coming On-Line	Change in UofL Hospital Contract	Total After Base Adjustments	Benchmark		Inflation Increase	Special Requests	Total	Expansion Increase
							Funding Increase	OR				
EKU	\$ 75,324,100	\$ -	\$ (624,800)	\$ 198,500	\$ -	\$ 74,897,800	\$ 3,343,000	\$ -	\$ 109,600	\$ 78,350,400	\$ 3,452,600	
KCTCS	194,374,800	-	13,100	653,800	-	195,041,700	6,847,600	-	-	201,889,300	8,847,600	
KSU	23,568,100	-	3,100	-	-	23,571,200	-	426,500	487,800	24,485,500	914,300	
MoSU	42,856,500	-	659,500	70,700	-	43,586,700	1,824,600	-	-	45,411,300	1,824,600	
MuSU	52,814,300	-	(5,600)	116,300	-	52,925,000	1,962,800	-	-	54,887,800	1,962,800	
NKU	46,549,900	-	(23,400)	12,900	-	46,539,400	3,320,500	-	-	49,859,900	3,320,500	
UK	314,160,000	600,000	(4,129,200)	717,500	-	311,348,300	-	6,083,400	-	317,431,700	6,083,400	
LCC	8,908,900	-	293,100	-	-	9,202,000	657,100	-	-	9,859,100	657,100	
UofL	179,920,500	-	(1,500)	211,300	625,100	180,755,400	4,699,900	-	716,100	186,171,400	5,416,000	
WKU	70,784,800	-	703,300	701,100	-	72,189,200	5,455,400	-	-	77,644,600	5,455,400	
Total	\$ 1,009,261,900	\$ 600,000	\$ (3,112,400)	\$ 2,682,100	\$ 625,100	\$ 1,010,056,700	\$ 28,110,900	\$ 6,509,900	\$ 1,313,500	\$ 1,045,991,000	\$ 37,934,300	

* Includes \$2.0 million from the Postsecondary Education Workforce Development Trust Fund for administrative information systems at KCTCS.

*

Table A-1
Revised 11/08/01

2002-04 OPERATING RECOMMENDATION
FISCAL YEAR 2003-04

		Base Adjustments									
		Change	M&O for	Change	Total	Operating Increase					
		in	New	in	After	Benchmark			Special		
		Debt	Facilities	UofL	Base	Funding	Inflation		Requests*	Total	Expansion
Institution	2002-03 Revised Appropriation	Service	Coming On-Line	Hospital Contract	Adjustments	Increase	OR	Increase			Increase
EKU	\$ 78,350,400	\$ 11,700	\$ 617,900	\$ -	\$ 78,980,000	\$ 3,343,000	\$ -	\$ 14,200	\$ 82,337,200	\$ 3,357,200	
KCTCS	201,889,300	39,800	658,100	-	202,587,200	6,847,600	-	-	209,434,800	8,847,600	**
KSU	24,485,500	4,400	-	-	24,489,900	-	435,000	14,600	24,939,500	449,600	
MoSU	45,411,300	(91,100)	74,800	-	45,395,000	1,824,600	-	-	47,219,600	1,824,600	
MuSU	54,887,800	3,800	273,100	-	55,164,700	1,962,800	-	-	57,127,500	1,962,800	
NKU	49,859,900	13,700	26,200	-	49,899,800	3,320,500	-	-	53,220,300	3,320,500	
UK	317,431,700	(612,400)	709,600	-	317,528,900	-	6,205,100	-	323,734,000	6,205,100	
LCC	9,859,100	(255,400)	-	-	9,603,700	657,100	-	-	10,260,800	657,100	
UofL	186,171,400	(1,825,100)	775,600	648,100	185,770,000	4,699,900	-	-	190,469,900	4,699,900	
WKU	77,644,600	(181,400)	296,100	-	77,759,300	5,455,400	-	-	83,214,700	5,455,400	
Total	\$ 1,045,991,000	\$ (2,892,000)	\$ 3,431,400	\$ 648,100	\$ 1,047,178,500	\$ 28,110,900	\$ 6,640,100	\$ 28,800	\$ 1,081,958,300	\$ 36,779,800	

* Reflects additional funding over previous year.

** Includes \$2.0 million from the Postsecondary Education Workforce Development Trust Fund for administrative information systems at KCTCS.

Table A-2

**TUITION AND FEES REVENUE AS A PERCENT OF PUBLIC FUNDS
2002-04 BENCHMARK FUNDING**

<u>Institution</u>	Net (1) General Fund Appropriation	2001-02 (2) Budgeted Tuition and Fees Revenue	Total General Fund and Tuition and Fees Revenue (Public Funds)	Budgeted Tuition and Fees Revenue as a % of Public Funds	2002-04 (3) Benchmark Funding Model Tuition & Fees Deduction
EKU	\$ 70,998,900	\$ 38,697,800	\$ 109,696,700	35.3%	35.3%
KSU	19,989,300	8,584,500	28,573,800	30.0%	30.0%
MoSU	41,972,300	24,013,500	65,985,800	36.4%	36.4%
MuSU	48,672,000	33,642,000	82,314,000	40.9%	37.0%
NKU	41,506,900	44,395,300	85,902,200	51.7%	37.0%
UK (excluding LCC)	238,742,200	121,680,900	360,423,100	33.8%	33.8%
LCC	8,213,900	11,331,800	19,545,700	58.0%	30.0%
UofL	151,115,200	86,468,300	237,583,500	36.4%	36.4%
WKU	68,192,200	43,690,000	111,882,200	39.1%	37.0%
KCTCS	183,661,900	63,393,300	247,055,200	25.7%	25.7%
Total	\$ 873,064,800	\$ 475,897,400	\$ 1,348,962,200		

(1) Net of mandated state funds for public service and research programs and debt service.

(2) As reported to the CPE Comprehensive Data Base (form FD-1B).

(3) The tuition deduction is the standard of 30% for KCTCS, LCC, and KSU and 37% for EKU, MoSU, MuSU, NKU, UK, UofL and WKU, or budgeted tuition and fees revenue, whichever is lower.

ESTIMATED FALL 2001 HEADCOUNT ENROLLMENT AND FULL-TIME EQUIVALENT*

Table A-3

	<u>EKU</u>	<u>KCTCS</u>	<u>KSU</u>	<u>MoSU</u>	<u>MuSU</u>	<u>NKU</u>	<u>UK</u>	<u>LCC</u>	<u>UofL</u>	<u>WKU</u>	<u>Total</u>
Undergraduate											
Full-Time	9,991	25,086	1,668	6,079	6,757	8,264	15,136	4,978	9,841	11,315	99,115
Part-Time	2,916	34,945	498	994	1,096	3,214	2,064	3,022	4,278	2,817	55,844
Total Undergraduate	12,907	60,031	2,166	7,073	7,853	11,478	17,200	8,000	14,119	14,132	154,959
Graduate											
Full-Time	388		60	326	505	93	2,760		1,950	639	6,721
Part-Time	1,467		89	1,401	1,172	803	2,540		2,341	1,721	11,534
Total Graduate	1,855	-	149	1,727	1,677	896	5,300	-	4,291	2,360	18,255
Professional											
Full-Time						214	1,297		1,270		2,781
Part-Time						162	53		-		215
Total Professional	-	-	-	-	-	376	1,350	-	1,270	-	2,996
Total											
Full-Time	10,379	25,086	1,728	6,405	7,262	8,571	19,193	4,978	13,061	11,954	108,617
Part-Time	4,383	34,945	587	2,395	2,268	4,179	4,657	3,022	6,619	4,538	67,593
Total	14,762	60,031	2,315	8,800	9,530	12,750	23,850	8,000	19,680	16,492	176,210
Estimated Fall 2001											
Full Time Equivalent (FTE)*	11,840	36,734	1,924	7,203	8,018	9,964	20,745	5,985	15,267	13,467	131,148
Fall 1998 FTE	12,468	33,741	1,856	6,746	7,505	9,165	21,241	4,551	15,894	12,055	125,222
(as used in 2000-02 benchmark calculations)											
Percent Change	-5.0%	8.9%	3.6%	6.8%	6.8%	8.7%	-2.3%	31.5%	-3.9%	11.7%	4.7%

* FTE = Total full-time headcount + 1/3 part-time headcount. Excludes post doctoral students and house staff.

2002-2004 BENCHMARK FUNDING - FINANCIAL ANALYSIS

Table A-4
Revised 11/08/01

		<u>EKU</u>	<u>KCTCS</u>	<u>KSU</u>	<u>MoSU</u>	<u>MuSU</u>	<u>NKU</u>	<u>UK</u>	<u>LCC</u>	<u>UofL</u>	<u>WKU</u>
2002-2004 Benchmark Objective (1)	\$	10,050	\$ 7,056	\$ 10,637	\$ 9,814	\$ 10,179	\$ 9,839	\$ 15,385	\$ 6,293	\$ 15,968	\$ 10,050
2001-02 Estimated Objective (2)	\$	11,014	\$ 7,733	\$ 11,657	\$ 10,755	\$ 11,155	\$ 10,782	\$ 16,861	\$ 6,897	\$ 17,499	\$ 11,014
Less Tuition and Fees (Standard or Budgeted) (3)		3,888	1,987	3,497	3,915	4,127	3,989	5,682	2,069	6,370	4,075
Net Funding Need Per FTE	\$	7,126	\$ 5,745	\$ 8,160	\$ 6,840	\$ 7,028	\$ 6,793	\$ 11,179	\$ 4,828	\$ 11,129	\$ 6,939
2001-02 State General Fund Appropriations	\$	72,435,200	\$ 184,748,000	\$ 22,717,900	\$ 41,030,700	\$ 50,737,100	\$ 44,613,400	\$ 313,616,900	\$ 8,593,700	\$ 179,478,800	\$ 67,701,700
Plus:											
Enrollment Growth and Retention (4)		365,300	3,500,000	62,200	320,500	349,000	436,600	370,000	315,200	306,200	663,500
Action Agenda		2,433,000	-	732,000	1,435,000	1,659,000	1,414,000	-	-	-	2,327,000
Workforce Development Training		-	6,000,000	-	-	-	-	-	-	-	-
Faculty Development		90,600	126,800	56,000	70,300	69,200	85,900	173,100	-	135,500	92,600
Pass Through Programs		-	-	-	-	-	-	600,000	-	-	-
Less:											
Public Service		-	-	1,788,549	-	2,432,500	-	39,741,200	-	17,473,800	-
Research		-	-	-	-	-	-	25,189,000	-	-	-
Debt Service		4,325,200	10,712,900	2,244,500	884,200	1,886,300	5,043,000	10,590,500	695,000	11,331,500	2,592,600
Total State General Fund Appropriations	\$	70,998,900	\$ 183,661,900	\$ 19,535,051	\$ 41,972,300	\$ 48,495,500	\$ 41,506,900	\$ 239,239,300	\$ 8,213,900	\$ 151,115,200	\$ 68,192,200
Estimated Fall 2001 FTE (5)		11,840	36,734	1,924	7,203	8,018	9,964	20,745	5,985	15,267	13,467
Estimated General Fund Per FTE	\$	5,997	\$ 5,000	\$ 10,155	\$ 5,827	\$ 6,048	\$ 4,166	\$ 11,532	\$ 1,372	\$ 9,898	\$ 5,064
Difference (Need less estimated)	\$	1,129	\$ 746	\$ (1,995)	\$ 1,013	\$ 979	\$ 2,627	\$ (354)	\$ 3,455	\$ 1,231	\$ 1,875
General Fund Appropriation Need (Difference X Enrollment Fall 2001 FTE)	\$	13,372,008	\$ 27,390,467	\$ (3,837,882)	\$ 7,298,296	\$ 7,851,099	\$ 26,176,905	\$ (7,335,291)	\$ 20,681,803	\$ 18,799,685	\$ 25,248,784
4 Year Phase-In Annual Increase (6)	\$	3,343,002	\$ 6,847,617	\$ -	\$ 1,824,574	\$ 1,962,775	\$ 3,320,552	\$ -	\$ 657,112	\$ 4,699,921	\$ 5,455,376
<u>Executive Budget Inflationary Increase</u>											
2001-02 Net Base Appropriation (Net of Debt Service and UofL Hospital)	\$	70,998,900	\$ 183,661,900	\$ 21,323,600	\$ 41,972,300	\$ 50,928,000	\$ 41,506,900	\$ 304,169,500	\$ 8,213,900	\$ 151,536,100	\$ 68,192,200
2002-03 Increase - 2.0%	\$	1,420,000	\$ 3,673,200	\$ 426,500	\$ 839,400	\$ 1,018,600	\$ 830,100	\$ 6,083,400	\$ 164,300	\$ 3,030,700	\$ 1,363,800
2003-04 Increase - 2.0%	\$	1,448,400	\$ 3,746,700	\$ 435,000	\$ 856,200	\$ 1,038,900	\$ 846,700	\$ 6,205,100	\$ 167,600	\$ 3,091,300	\$ 1,391,100
Total 2002-04 Increase	\$	2,868,400	\$ 7,419,900	\$ 861,500	\$ 1,695,600	\$ 2,057,500	\$ 1,676,800	\$ 12,288,500	\$ 331,900	\$ 6,122,000	\$ 2,754,900

<i>Funding Need</i>	
2002-03	\$ 34,620,829
2003-04	\$ 34,751,029

1. The average of the 50th, 55th, and 60th percentiles.
2. The benchmark funding objective increased by inflation.
3. The tuition and fees deduction is based on 2001-02 budgeted tuition and fees as a percent of total public funds or the standard deduction approved by the council (37% for universities; 30% for KSU, KCTCS, and LCC).
4. Amount reflects earned enrollment growth funds and allocated retention funds. Unearned enrollment growth and retention funds will lapse to the trust fund.
5. FTE = total full-time headcount + 1/3 part-time headcount.
6. The shaded areas represent the greater funding need (benchmark funding as compared to the inflationary increase). The council staff recommends limiting the annual percentage increase to 8 percent.
(NKU, LCC, and WKU's annual increases are limited to 8 percent.)

Council on Postsecondary Education
November 5, 2001

2002-04 Budget Recommendation: Trust Funds

The council staff recommends state appropriation operating increases totaling \$26,826,100 in FY 2002-03 and \$58,723,200 in FY 2003-04 for seven of the eight existing trust funds and for two new trust funds: enrollment growth and retention, and teacher quality. Each staff recommendation, along with a description of base adjustments, is presented below.

Base Adjustments

Transfer of 2000-02 trust fund appropriations. The council staff recommends that some of the 2000-02 trust fund appropriations be transferred to the institutions. The permanent transfer of funds allows the institutions to plan for recurring costs, such as salaries.

The staff recommends that, in accordance with the current guidelines, the earned 2001-02 Enrollment Growth and Retention Program funds be transferred to the institutions. The staff further recommends that any unearned funds be transferred to a new Enrollment Growth and Retention Trust Fund. Any unearned funds will be allocated and disbursed to eligible institutions in accordance with the 2002-04 trust funds guidelines. The staff also recommends that the Action Agenda funds, the Workforce Training funds and the allocated Faculty Development funds be transferred to the institutions.

According to state budget procedures, debt service for state bonds will be transferred from the trust funds to the Finance and Administration Cabinet. Debt service was appropriated in 2001-02 for the following programs and will be transferred out of postsecondary education's base budget.

	2001-02 <u>Debt Service</u>
Technology Initiative Trust Fund:	
Equipment Replacement	\$3,800,000
Physical Facilities Trust Fund:	
Capital Renewal and Maintenance	\$3,018,100
Renovation, Replacement, and Infrastructure	\$10,436,000
New Construction	\$7,446,000

Transfer of 2001-02 pass-through program funds to the trust funds. The federal Experimental Program to Stimulate Competitive Research (EPSCoR) was initiated by the National Science Foundation in 1978 to encourage long-term improvements in states' science and engineering research enterprises. The state has previously appropriated funds for the required match as a pass-through program in the council's budget. Because of the program's direct relationship to the knowledge-based economy initiatives, the staff recommends that the state matching funds, which totaled \$2,626,200 in 2001-02, be transferred from the pass-through programs to the Science and Technology Trust Fund.

Continuation funding. For several trust funds and programs, the council staff is treating the 2001-02 base funding appropriations as recurring to the trust funds in 2002-04. These trust funds and programs include the public communications campaign, adult education and literacy, and science and technology.

Requests for Additional Funds

The council staff recommends requesting additional funds for the following 2002-04 trust funds and programs.

Endowment Match Program. The Endowment Match Program is funded through the Research Challenge Trust Fund and the Regional University Excellence Trust Fund. The program received surplus state General Funds of \$110 million in 1998-99 and \$120 million in 2000-01. If General Funds are not available, the staff recommends that the state provide a third round of 'Bucks for Brains' by issuing \$120 million of bonds. The bond proceeds would be matched dollar-for-dollar by the institutions.

The staff recommends that the bond proceeds be allocated in the same manner as the 2000-01 Endowment Match Program funds:

- \$67 million to the University of Kentucky.
- \$33 million to the University of Louisville.
- \$20 million allocated among the comprehensive universities based on their shares of net state general fund appropriations (excluding mandated programs and debt service).
- The \$20 million will be allocated to a primary and secondary pool and be distributed to the comprehensive universities based on guidelines similar to those used for the 2000-02 Endowment Match Program. The primary pool of \$10 million remains in the trust fund until it is matched by the designated institution. The secondary pool is assigned to each institution until June 30, 2004. After that time, all comprehensive universities that have fully matched their allocations

from both pools may submit requests to match the remaining funds. Allocations to the pools and the institutions follow.

	<u>Primary Pool</u>	<u>Secondary Pool</u>
EKU	\$ 2,427,500	\$ 2,427,500
KSU	729,000	729,000
MoSU	1,435,000	1,435,000
MuSU	1,658,000	1,658,000
NKU	1,419,000	1,419,000
WKU	<u>2,331,500</u>	<u>2,331,500</u>
	\$10,000,000	\$10,000,000

A council subcommittee reviewing the Endowment Match Program guidelines is expected to submit revised draft guidelines in February 2002. In order to operate this program under one set of guidelines, the council staff will recommend that the revised guidelines become effective July 1, 2002 and apply to any remaining Endowment Match Program funds from previous biennia as well as to any new funds.

Administrative Information System. The Postsecondary Education Workforce Development Trust Fund assists the Kentucky Community and Technical College System in improving and expanding Kentucky workforce skills. For 2000-02, the council requested \$2 million annually for the KCTCS to continue implementation of administrative information system. The 2000 General Assembly provided \$4 million in the first year of the biennium with the stipulation that the funds would be transferred to the KCTCS on a pro-rata basis over the biennium. In addition, the 2000-02 Budget of the Commonwealth states that "it is anticipated that the budget for this item in the next biennial budget will be adjusted to reflect a recurring appropriation of \$2 million annually." The council staff recommends such a request.

Technology Initiative Trust Fund. Four programs were funded through this trust fund in 2000-02: equipment replacement, network infrastructure, public communications campaign, and faculty development. As described in Attachment C, the staff endorses another equipment replacement pool if state funds are available. The council staff recommends an additional funding request for network infrastructure.

Postsecondary education is dependent on high-speed, high bandwidth networks for the transmission of information. Students access classes through high-speed networks and access electronic databases through the Web. The Kentucky Information Highway and the companion Kentucky Postsecondary Education Network need expansion. The program received \$1.2 million in 2001-02. The staff recommends that these funds continue and that the council request an additional \$1 million for network infrastructure for 2003-04.

Capital Renewal and Maintenance. The Capital Renewal and Maintenance Program in the Physical Facilities Trust Fund establishes an effective program to renew and maintain institutional facilities. The program provides matching dollars to reduce deferred maintenance backlogs and to address long-range facility renewal needs.

In 2000-02, the program received \$3.018 million to support debt service for a \$30 million bond issuance. The staff recommends that another \$30 million bond issuance be requested for 2002-04 to further reduce the backlog of capital renewal and deferred maintenance projects. The recommended guidelines for the 2002-04 program are presented in Attachment B-1.

Physical Facilities Trust Fund. The staff recommends \$5,937,000 of state bonds to complete the renovation of Hathaway Hall at Kentucky State University. The project is needed to fulfill the commitment of the Commonwealth in its Partnership Agreement with the U.S. Department of Education, Office for Civil Rights. Debt service for this project is included in the Physical Facilities Trust Fund.

Student Financial Aid. The Student Financial Aid and Advancement Trust Fund is funded from the net lottery revenues and includes the Kentucky Educational Excellence Scholarship program (KEES). In addition to KEES, the lottery revenues help fund the state's need-based program, the College Access Program, the Kentucky Tuition Grants Program for students attending independent institutions, the council's public communications campaign, as well as other programs.

Currently, the lottery revenues are estimated to be \$158 million for each year of the 2002-04 biennium. Based on the statutory allocations, there will be \$49.6 million available for KEES and the public communications campaign (\$1.5 million) in 2002-03 and \$62.0 million in 2003-04. But KEES is estimated to cost \$57.3 million in 2002-03 and \$73.2 million in 2003-04. Thus, the estimated lottery revenue shortfalls are \$9.2 million in 2002-03 and \$12.7 million in 2003-04. The staff recommends that the council's funding request for the KEES program equal the estimated cost of \$57.3 million in 2002-03 and \$73.2 million in 2003-04.

Rural Innovation Fund. The Rural Innovation Fund is included in the Science and Technology Trust Fund. The program enables small, rural Kentucky-based firms to partner with postsecondary institutions to undertake research and development to create entrepreneurial businesses.

The 2000 General Assembly appropriated \$1 million in 2000-01 for the program but did not have the fiscal capacity to appropriate any funds for 2001-

02. The 2000-02 budget bill (HB 502) includes language that any unspent Rural Innovation Fund dollars remaining at the end of fiscal year 2001 would not lapse but would carry forward into fiscal year 2002 and be available for expenditure for the program. In addition, the Kentucky Innovation Act (HB 572) clearly contemplates that the Rural Innovation Fund will be an ongoing, recurring program. The staff recommends that the council request \$1 million annually to establish recurring funds for the program.

Knowledge-Based Economy Academic Programs. The council approved the "Strategy for Statewide Engineering Education in Kentucky" in July 2000 to educate more engineers in Kentucky's knowledge-based economy. Since that time, four joint undergraduate engineering programs have been established and a fifth program may begin in 2003. The council agreed to seek recurring state General Funds to support the engineering programs created under the statewide strategy, with the participating institutions sharing in the cost.

Kentucky's potential to deliver world-class research and development also depends on increasing its intellectual capacity in the area of information technology. Information technology is among the Office of the New Economy's priority funding areas.

The staff recommends that the council request \$3 million annually primarily for joint engineering programs that support the new economy. Some funds may be used to support academic programs that produce needed professionals in information technology. The recommended guidelines are presented in Attachment B-2.

EPSCoR. As discussed earlier, the council staff recommends that the state's matching funds for EPSCoR be transferred from the council's pass-through programs to the Science and Technology Trust Fund. In addition, the council staff recommends additional funding for the program in 2002-04.

The 2000 General Assembly increased the Kentucky EPSCoR match appropriation by \$4 million nonrecurringly for 2000-01. As these funds are used for matching federal EPSCoR funds, the staff recommends that the council request \$2 million in recurring funds for 2002-04.

Enrollment Growth and Retention Trust Fund. Following the *Points of Consensus*, the council will request an Enrollment Growth and Retention Trust Fund. The staff recommends that the new Enrollment Growth and Retention Trust Fund include the following two programs: enrollment growth and retention, and P-16 challenge grants. Guidelines will be developed by the staff and presented to the council at its February 2002 meeting.

The council members have previously discussed ways to reduce inefficient competition for students between institutions, both public and independent. The staff recommends a \$300,000 P-16 Challenge Grant Program to support successful collaboration among public and independent postsecondary institutions, the P-12 education system, and community leaders. The funds would reward regional P-16 partnerships that better prepare students for, and enroll students in, postsecondary education. To be eligible for grants, regions must have P-16 councils and establish goals for improving student preparation and postsecondary enrollment. Funds will be allocated based on performance, measured against the goals.

Teacher Quality Trust Fund. The success of reform depends on improving the preparation of Kentuckians for life and work and on insuring that more Kentuckians are prepared for postsecondary education. Increasing teacher quality is essential to achieving both goals. The council staff recommends creating a Teacher Quality Trust Fund to support improvement in all academic programs that produce teachers and school leaders.

The staff recommends that the council request \$4 million to be distributed on a competitive proposal basis. As described in the recommended guidelines (see Attachment B-3), the staff recommends that the council fund up to four proposals including one proposal involving one or more independent colleges.

Staff preparation by Angela Martin and Bill Payne

**Physical Facilities Trust Fund
Capital Renewal and Maintenance
Program Guidelines
2002-04**

Introduction

The Council on Postsecondary Education recommends a \$30 million bond issuance for the Capital Renewal and Maintenance Program in the Physical Facilities Trust Fund. The bond proceeds and required matched by the institutions will be used to reduce deferred maintenance backlogs and address long-range facility renewal needs. As in previous biennia, the council staff will work with the Finance and Administration Cabinet to provide the necessary documentation so that the bonds may be issued in January 2003.

The bond proceeds will be distributed to the institutions based on their educational and general square footage. The 2000-02 Capital Renewal and Maintenance Program funds were distributed using a similar process.

Use and Distribution of Capital Renewal and Maintenance Program Funds

1. Bond proceeds will be matched at varying rates by the institutions based on their efforts to maintain existing facilities. As shown on Table B1-A, the matching rates are based on the average useful life of capital renewal and maintenance projects completed from 1990 to 2000. Including the required institutional match, \$53.9 million in capital renewal and deferred maintenance projects will be funded. Eligible matching funds can include agency, private, or federal funds. Capital renewal projects completed as part of an energy performance contract will not qualify as matching funds.
2. The availability of matching funds must be certified by the institution prior to the release of the program funds.
3. By August 1, 2002, each institution will submit a list of requested projects to be funded with the state bonds and the required institutional match. Requested projects must be included in the institution's 2002-08 capital plan submitted to the Capital Planning Advisory Board and the council. Any project costing \$400,000 or more must be listed in the enacted 2002-04 Budget of the Commonwealth.

The council will act on the institutions' proposals and report that action to the Secretary of the Finance and Administration Cabinet for approval.

Table B1-A

Capital Renewal and Deferred Maintenance Program
Useful Life Summary for Projects Completed Between 1990 and 2000
September 30, 2001

Institution Name	Actual Useful Life of Building Systems Projects Completed Between 1990 and 2000 Compared to the Expected Useful Life					Average Percentage Useful Life	Allocation of Bond Proceeds 2002-04			
	Site Improvement Infrastructure	Exterior Closure Systems	Interior Construction and Finishes	Mechanical Systems	Electrical Systems		Total E & G Square Footage	Percent of Total Space	\$30 Million Bond Pool	Required Institutional Match
EKU	-	123.75%	146.67%	129.92%	220.83%	155.29%	1,697,061	9.6%	\$ 2,883,000	\$ 2,162,300
KCTCS	-	145.69%	90.91%	108.73%	120.00%	116.33%	4,277,663	24.2%	7,266,900	6,176,900
KSU	97.87%	108.37%	109.15%	102.17%	108.15%	105.14%	523,286	3.0%	889,000	755,700
MoSU	-	109.24%	145.00%	133.70%	184.00%	142.99%	919,682	5.2%	1,562,400	1,171,800
MuSU	160.83%	161.19%	146.73%	158.11%	143.43%	154.06%	1,219,947	6.9%	2,072,400	1,554,300
NKU	97.30%	75.54%	104.95%	131.67%	86.68%	99.23%	948,985	5.4%	1,612,100	1,450,900
UK (MC, LCC & Med. Center)	218.67%	153.57%	154.78%	161.14%	203.80%	178.39%	4,336,516	24.6%	7,366,900	5,525,200
UofL	122.64%	117.23%	129.68%	132.38%	127.08%	125.80%	2,494,165	14.1%	4,237,000	3,389,600
WKU	112.15%	123.51%	147.25%	154.32%	125.90%	132.63%	1,242,202	7.0%	2,110,300	1,688,200
Total							17,659,507	100.0%	\$30,000,000	\$ 23,874,900
Total Capital Renewal and Deferred Maintenance Funds									\$ 53,874,900	

<u>Average Useful Life</u>	<u>Match Rate</u>
1. Useful Life History: Less Than 90% of expected useful life	\$1 for \$1
2. Useful Life History: Greater than 91% but less than 105% of expected useful life	\$0.90 for \$1
3. Useful Life History: Greater than 105% but less than 120% of expected useful life	\$0.85 for \$1
4. Useful Life History: Greater than 120% but less than 135% of expected useful life	\$0.80 for \$1

5. Useful Life History: Greater than 136% of expected useful life	\$0.75 for \$1
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Science and Technology Trust Fund Knowledge-Based Economy Academic Programs Guidelines 2002-04

Introduction

The Knowledge-Based Economy Academic Programs include engineering and information technology. This initiative supports expansion of these programs to better prepare more Kentuckians to participate in the New Economy. The council requests \$3 million annually within the Science and Technology Trust Fund primarily to fund joint engineering programs started by the University of Kentucky, the University of Louisville, and Western Kentucky University, and by the University of Kentucky, the University of Louisville, and Murray State University.

The council approved the "Strategy for Statewide Engineering Education in Kentucky" July 17, 2000, to prepare more engineers throughout the state. Since that time, four joint undergraduate engineering programs have been established and a fifth program may begin in 2003. The funds will support these and possibly more joint engineering programs under the guidelines of the statewide strategy. Some part of the fund also may support the creation of academic programs to increase the number of information technology specialists in the state.

Objectives

Successful program proposals will meet the following objectives:

- Increase the number of engineering and information technology workers employed in Kentucky.
- Provide significant (at least 40 percent) matching funds from participating institutions.
- Employ the KYVU and other distance learning to increase access.
- Include activities to increase the number of students entering engineering or information technology programs, especially women and minority students.

Allocation of Funds

Priority will be given to the engineering programs that began in fall 2001. Requests for engineering funding should be for joint programs offered by a comprehensive university and either the University of Kentucky or the University of Louisville. They should conform to the principles outlined in the Kentucky "Strategy for Statewide Engineering Education." The Kentucky Community and Technical College System, independent colleges, and P-12 schools may be partners in proposals.

Requests for funding for information technology academic programs must address the objectives outlined above. Collaborative proposals are encouraged. Proposals must include a public university. The Kentucky Community and Technical College System, independent colleges, and P-12 schools may be partners in proposals.

Eligible engineering and information technology academic programs include baccalaureate, post-baccalaureate, and professional development programs.

Distribution of Funds

After funding the joint engineering programs that began in the fall of 2001, additional programs will be considered for funding. Funding amounts will be based on submission of detailed proposals. The funds should be recurring.

Proposals for 2002-03 should be submitted to the council for review by May 30, 2002. If funds are available after the first allocation, the council will accept proposals seeking funding for 2003-04 through December 1, 2002. Programs will receive funds on a quarterly basis.

Participating institutions should submit an annual report providing enrollment, retention, graduation, and employment data for students.

Teacher Quality Trust Fund Guidelines 2002-04

Introduction

Kentucky's economic well being is tied to its investment in the education of its citizens. A critical factor in the quality of education is the quality of teachers. Kentucky's colleges and universities need to improve their preparation and professional development program for teachers at every level of the P-12 system and especially in critical areas such as mathematics, the sciences, and reading. The Teacher Quality Trust Fund is directed at preparing teachers, principals, and superintendents that Kentucky's schoolchildren deserve and need to succeed in college, obtain good jobs, and become good citizens.

Objectives

Successful proposals will create education programs that address some or all of these objectives:

- Reduce the achievement gap for minority and disadvantaged students.
- Increase the number of minority teachers and school leaders.
- Reduce teacher and school leader shortages.
- Retain more teachers in the profession.
- Provide effective alternative certification programs for professionals in other fields who want to teach.
- Commit the entire university to teacher and school leader preparation.
- Increase the content knowledge of teachers.
- Better prepare teachers to teach special needs students.
- Create P-16 partnerships that support teacher quality.

Allocation of 2003-04 Funds

Four million dollars will be available for distribution in 2003-04. The council will fund up to four proposals, one involving an independent college or a consortium of independent colleges. Institutions directly receiving funds must meet criteria established by the General Assembly (KRS 164.097) and be certified by the Education Professional Standards Board. Institutions not meeting these criteria may participate in the program as part of a consortium led by a qualifying institution. Funds are requested to be recurring to the trust fund. Multi-year proposals are permitted but continued funding will be based on evaluation of results.

Disbursement of 2003-04 Funds

The council staff will review proposals during 2002-03. Proposals are due by December 1, 2002, and should include measurable evaluation criteria. Multi-institutional proposals are encouraged. Funds will be disbursed on a quarterly basis beginning July 1, 2003. Institutions will submit a report by September 1, 2004, based on the performance indicators provided in the original proposal. Progress on multi-year indicators also must be reported by October 1, 2003.

Council on Postsecondary Education
November 5, 2001

2002-04 Capital Budget Recommendation

Given the recommended priorities to continue postsecondary education reform in 2002-04 and the severe downturn in the state's revenue forecast and its limited debt capacity, the staff recommends only one state-funded capital pool and one capital project for the 2002-04 biennium.

The staff recommends a request for \$30 million in state bonds to fund the capital renewal and maintenance pool. Including the required match from the institutions, \$54 million in capital projects would be funded through this program. Debt service for the bonds is included in the Physical Facilities Trust Fund. Only projects involving educational and general facilities are eligible for funding from the pool. The projects would be authorized in 2002-03. Projects eligible for funding from the pool are included as Table C-1. The \$30 million will be allocated among the institutions based on their proportionate share of educational and general space as of fall 2000.

The staff also recommends \$5,937,000 of state bonds to complete the renovation of Hathaway Hall at Kentucky State University. The project is needed to fulfill the commitment of the Commonwealth in its Partnership Agreement with the U.S. Department of Education, Office for Civil Rights.

The staff recommends that the council endorse several capital projects to signify that they should be included in the budget if General Funds for debt service are available. Research space at UK and UofL should be supported in the postsecondary education budget or as knowledge-based economy initiatives. The endorsed KCTCS new construction projects should be supported in the postsecondary education budget or as economic and community development initiatives. If General Funds are not available, the staff recommends that the endorsed projects be included in a 2002-04 general fund surplus expenditure plan. The endorsed capital projects are listed in Table C-2.

The staff's recommendations for endorsement are based on evaluation using the space needs model (Table C-3), the council's consulting architect's report (see separately bound document), institutional project priorities, and the institutions' presentations at the October 10 budget hearing. In addition, the

staff recommends that the council endorse a \$20 million instruction and research equipment replacement pool in the event that funds are available.

The staff also recommends institutionally-funded capital projects that support the objectives of the Kentucky Postsecondary Education Improvement Act of 1997 and the *2001-06 Action Agenda*. The council staff recommends the following 2002-04 agency-funded projects:

- A \$100 million agency bond pool in 2002-03. Projects eligible for funding from this pool are listed in Table C-4. The specific projects to be funded would be approved by the council during the biennium and recommended to the Secretary of the Finance and Administration Cabinet.
- 2002-03 authorization for 379 agency-funded projects totaling \$518.8 million to address life safety, major maintenance, equipment acquisitions, infrastructure repair and upgrades, and new construction. These projects would be funded using federal, private, or other non-state funds. These projects are shown in Table C-5.
- 2002-03 authorization for nine agency-funded projects totaling \$61 million to improve energy efficiency in campus buildings including energy equipment acquisitions and infrastructure repair and upgrades. These projects would be funded using third party financing techniques available through the Finance and Administration Cabinet and private contractors or other non-state funds. These projects are shown in Table C-6.
- 2001-02 authorization for two agency-funded projects including a facility renovation and an energy efficiency project. Western Kentucky University requests current year authorization for two projects: renovation of the E. A. Diddle Arena for \$30.3 million and completion of an \$8 million energy efficiency project. These projects will be funded using money other than state funds. These projects are included in Table C-7.

2002-04 Capital Projects
Eligible Capital Renewal and Maintenance Projects

Institution and Project	Project Scope
Eastern Kentucky University	
Performance of Maintenance Projects	\$10,000,000
E&G Life Safety Begley Building Elevator	750,000
EKU Subtotal	\$ 10,750,000
Kentucky Community and Technical College System	
Capital Renewal and Deferred Maintenance Pool	\$ 31,530,000
Owensboro TC Renovate HVAC System, Davies County Campus	2,440,000
Somerset CC Renovate Campus HVAC System	2,173,000
Laurel TC Replace HVAC System	1,280,000
KCTCS Subtotal	\$ 37,423,000
Kentucky State University	
Capital Renewal and Deferred Maintenance Pool	\$ 1,500,000
Morehead State University	
Life Safety: E&G Facilities	\$ 1,350,000
Capital Renewal and Deferred Maintenance Pool	6,828,300
Claypool-Young Air Quality, Health and Safety	500,000
Comply with ADA Compliance - E&G	1,200,000
MoSU Subtotal	\$ 9,878,300
Murray State University	
Upgrade Campus Electrical Distribution System	\$ 10,765,000
Capital Renewal and Deferred Maintenance Pool	16,885,000
Upgrade Woods Hall Mechanical System	2,000,000
Replace Heating and Cooling Plant Boiler	666,000
Upgrade Electrical Systems: Sparks, Wells, and Applied Science	2,402,000
Upgrade HVAC Systems: Sparks, Special Ed., and General Services	1,500,000
Business Building Upgrade Electrical and HVAC	1,530,000
Pogue Library Upgrade Electrical and HVAC	750,000
Replace E&G Chiller/CFC Compliance	585,000
Waterfield Library HVAC and Mechanical System	500,000
Repair/Replace Lovett Auditorium Shell/Seats/etc.	550,000
Replace/Retrofit Doyle Fine Arts HVAC and Energy System	750,000
MuSU Subtotal	\$ 38,883,000

2002-04 Capital Projects
Eligible Capital Renewal and Maintenance Projects

Institution and Project	Project Scope
Northern Kentucky University	
Replace Power Distribution Infrastructure	\$ 700,000
Capital Renewal and Deferred Maintenance Pool	2,315,000
Repair Structure in AS&T Center	500,000
NKU Subtotal	\$ 3,515,000
University of Kentucky and Lexington Community College	
Capital Renewal and Deferred Maintenance Pool	\$ 16,388,000
Replace Oswald Building Roof	1,089,000
Improve Storm Sewer Funkhouser	1,003,000
Upgrade Pharmacy Building Fume Hoods I	4,300,000
Upgrade Vivarium, I	2,000,000
Replace Central Fire Alarm System	3,000,000
Replace Central Facilities Management System	3,000,000
Replace Steam and Condensate Pipe	5,350,000
Replace High Voltage Wiring	441,000
Replace Three Elevators: MIK Library South	742,000
Life Safety: Abate Mercury Lexington Campus	1,000,000
Life Safety: Upgrade Fume Hoods Lexington Campus	7,015,000
Life Safety: Abate Asbestos Lexington Campus - Phase II	500,000
Life Safety: Improve Indoor Air Quality Phase I	500,000
Life Safety: Upgrade HVAC in CAER - Phase III	450,000
Life Safety: Improve Barker Hall	500,000
Life Safety Projects Pool, Lexington Campus	3,708,000
Improve Handicapped Access, Lexington Campus	1,908,000
UK Subtotal	\$ 52,894,000
University of Louisville	
Capital Renewal and Deferred Maintenance Pool	\$ 14,573,000
Renovate Chemistry Fume Hood Redesign, Phase II	3,947,000
Renovate Life Sciences Lab Ventilation	3,783,000
UofL Subtotal	\$ 22,303,000
Western Kentucky University	
Capital Renewal and Deferred Maintenance Pool	\$ 58,038,000
WKU Renovate Electrical Distribution Service - Phase IV & V	2,449,000
WKU Subtotal	\$ 60,487,000
System Total	\$275,056,300

**Capital Project Endorsements
2002-04**

**Table C-2
Revised: 11-08-01**

	<u>Project Scope</u>	<u>Endorsed State Funds</u>	<u>Institutional Funds</u>
Research Space			
University of Louisville			
Health Science Campus Research Facilities Phase III (1)	\$98,000,000	\$58,800,000	\$39,200,000
University of Kentucky			
Morgan Building Addition Part A (1)	\$28,693,000	\$17,215,800	\$11,477,200
Pharmacy Building Expansion (1)	45,083,000	27,049,800	18,033,200
UK Subtotal	<u>\$73,776,000</u>	<u>\$44,265,600</u>	<u>\$29,510,400</u>
Total	\$ 171,776,000	\$ 103,065,600	\$ 68,710,400
KCTCS Renovation and New Construction			
<u>Renovation</u>			
Maysville CC Academic Building Renovation	\$8,900,000	\$8,900,000	
Hazard CC Lees Campus Library/Science Building Renovation	3,000,000	3,000,000	
<u>New Construction</u>			
Ashland TC Regional Postsecondary Education Center Phase I (2)	10,000,000	10,000,000	
Madisonville CC Technology Building Phase I (2)	5,000,000	5,000,000	
Owensboro CC Advanced Technology Center Phase II (2)	8,000,000	8,000,000	
Henderson CC Tri-County Technical Center	12,833,000	12,833,000	
Total	\$47,733,000	\$47,733,000	
Comprehensive Universities - Renovation and Repairs			
Eastern Kentucky University			
Donovan/Donovan Annex/Mattox Hall Renovation	\$11,600,000	\$11,600,000	
Morehead State University			
Student Center Renovation - Phase II	\$18,000,000	\$18,000,000	
Murray State University			
Blackburn Science Replacement - Phase II	\$22,250,000	\$22,250,000	
Northern Kentucky University			
Old Science Building Renovation	\$15,400,000	\$15,400,000	
Landrum Hall Structural Repairs Phase II	850,000	850,000	
NKU Subtotal	<u>\$16,250,000</u>	<u>\$16,250,000</u>	
Western Kentucky University			
Thompson Sc. Complex Replacement and Renovation - Phase II	\$33,000,000	\$33,000,000	
Total	\$101,100,000	\$101,100,000	
Systemwide Equipment Replacement Pool	\$20,000,000	\$20,000,000	
System Total	\$340,609,000	\$271,898,600	\$68,710,400

Notes:

1. Endorsement of the research buildings at UK and UofL is based upon cost-sharing as specified above, following a plan and schedule for each project that is agreed to by the university, the council, and the Governor's Office of Policy and Management.
2. Due to the projected revenue difficulties for the 2002-04 biennium, these projects are to be constructed over multiple biennia.

Table C-3

**KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION
SPACE NEEDS MODEL - COMPARISON OF EXISTING SPACE
SUMMARY**

	2000 BASE YEAR						2006 TARGET YEAR				
	Actual ASF	Student FTE	Staffing FTE	Guidelines ASF	Surplus/ Deficit	Percent Surplus/ Deficit	Student FTE	Staffing FTE	Guidelines ASF	Surplus/ Deficit	Percent Surplus/ Deficit
<i>Doctoral Universities</i>											
University of Kentucky	4,186,402	16,938	5,645	3,894,277	292,125	7%	17,756	5,718	4,667,495	(481,093)	(11%)
Lexington Community College	150,114	4,328	333	254,540	(104,426)	(70%)	5,194	366	295,025	(144,911)	(97%)
University of Louisville	2,494,165	14,677	4,310	2,413,365	80,800	3%	14,708	4,429	3,199,374	(705,209)	(28%)
<i>Subtotal Doctoral Universities</i>	6,830,681	35,943	10,288	6,562,182	268,499	4%	37,658	10,513	8,161,894	(1,331,213)	(19%)
<i>Comprehensive Universities</i>											
Eastern Kentucky University	1,697,061	11,288	1,866	1,191,531	505,530	30%	11,921	1,913	1,240,308	456,753	27%
Kentucky State University	523,286	1,772	367	301,476	221,810	42%	2,201	412	332,305	190,981	36%
Morehead State University	919,682	6,269	916	645,337	274,345	30%	6,755	951	677,497	242,185	26%
Murray State University	1,219,947	6,901	933	710,574	509,373	42%	7,502	965	753,983	465,964	38%
Northern Kentucky University	948,985	9,370	1,100	945,057	3,928	0%	11,275	1,208	1,087,653	(138,668)	(15%)
Western Kentucky University	1,242,202	11,852	1,687	1,153,054	89,148	7%	12,915	1,765	1,236,096	6,106	0%
<i>Subtotal Comprehensive Universities</i>	6,551,163	47,452	6,869	4,947,029	1,604,134	24%	52,569	7,214	5,327,842	1,223,321	19%
<i>KCTCS Community & Technical College Districts</i>											
Ashland	222,214	1,742	348	161,173	61,041	27%	1,861	360	169,694	52,520	24%
Big Sandy	331,244	1,960	300	175,114	156,130	47%	2,188	320	194,812	136,432	41%
Bluegrass	160,502	1,052	241	138,032	22,470	14%	1,238	262	158,362	2,140	1%
Bowling Green	128,910	952	145	111,103	17,807	14%	963	155	113,566	15,344	12%
Elizabethtown	238,748	2,470	347	186,314	52,434	22%	2,710	371	205,372	33,376	14%
Henderson	99,701	751	130	60,676	39,025	39%	798	134	63,230	36,471	37%
Hopkinsville	116,086	1,912	174	121,307	(5,221)	(4%)	2,031	179	126,976	(10,890)	(9%)
Jefferson	475,747	6,646	762	470,390	5,357	1%	7,077	787	495,659	(19,912)	(4%)
Kentucky River	331,506	1,767	335	164,393	167,113	50%	1,849	342	168,629	162,877	49%
Madisonville	212,613	1,483	265	129,377	83,236	39%	1,593	276	137,444	75,169	35%
Maysville	163,065	1,124	187	100,264	62,801	39%	1,231	196	108,983	54,082	33%
Northern Kentucky	122,303	664	166	88,403	33,900	28%	788	181	102,081	20,222	17%
Owensboro	205,357	2,186	270	180,319	25,038	12%	2,342	280	191,129	14,228	7%
Somerset	416,433	2,075	346	189,879	226,554	54%	2,191	355	197,317	219,116	53%
Southeast	159,096	1,827	199	116,812	42,284	27%	1,940	205	122,382	36,714	23%
Western Kentucky	295,737	2,811	402	250,721	45,016	15%	2,818	398	244,887	50,850	17%
<i>Subtotal KCTCS</i>	3,679,262	31,422	4,617	2,644,277	1,034,985	28%	33,618	4,801	2,800,523	878,739	24%
System Total	17,061,106	114,817	21,774	14,153,488	2,907,618	17%	123,845	22,528	16,290,259	770,847	5%

2002-04 Capital Projects Recommendation
Agency Bond Pool
Projects Eligible for Funding

Institution and Project Title	Project Scope	Agency Bonds	Institutional Funds
<i>Fire Safety, Major Renovations, Replacements, and Infrastructure Upgrade Projects</i>			
Eastern Kentucky University			
Replace Student Housing, Brockton	\$8,250,000	\$8,250,000	
Kentucky State University			
Renovate Young Hall Dormitory	\$9,886,000	\$9,886,000	
Morehead State University			
Comply with ADA - Auxiliary Facilities	\$1,200,000	\$1,200,000	
Expand Life Safety: Auxiliary Facilities	3,000,000	3,000,000	
MoSU Subtotal	<u>\$4,200,000</u>	<u>\$4,200,000</u>	
Murray State University			
Remove Ceiling Asbestos Elizabeth and Hester Halls	\$900,000	\$900,000	
Renovate Clark Hall - Electrical, HVAC, and Interior	1,900,000	1,900,000	
Renovate College Courts and Interiors (12 buildings)	5,636,000	5,636,000	
Renovate Elizabeth Hall - Electrical, HVAC, and Interior	2,450,000	2,450,000	
Renovate Franklin Hall - Electrical, HVAC, and Interior	2,000,000	2,000,000	
Renovate Hart Hall - Electrical and Interior	6,850,000	6,850,000	
Renovate Hester Hall - Electrical, HVAC, and Interior	2,280,000	2,280,000	
Renovate Regents Hall - Electrical, HVAC, and Interior	2,450,000	2,450,000	
Renovate Richmond Hall - Electrical and Interior	3,400,000	3,400,000	
Renovate Springer Hall - Electrical and Interior	2,600,000	2,600,000	
Renovate White Hall - Electrical, HVAC, and Interior	2,300,000	2,300,000	
Repair Winslow Cafeteria Exterior and Replace Mechanical Eq.	1,000,000	1,000,000	
Replace Clark Hall	8,000,000	8,000,000	
Replace Water Piping, Fixtures, Etc. (5 Buildings)	3,100,000	3,100,000	
Replace Franklin Hall	8,000,000	8,000,000	
Replace Chiller, Boilers, Towers, Domestic Water Piping (3 buildings)	2,300,000	2,300,000	
Replace Richmond Hall	8,000,000	8,000,000	
Student Recreation Center	10,000,000	10,000,000	
Upgrade College Courts Electrical System	1,200,000	1,200,000	
MuSU Subtotal	<u>\$74,366,000</u>	<u>\$74,366,000</u>	
University of Kentucky and Lexington Community College			
Install HVAC (Boyd, Holmes, Jewell and Keeneland)	\$7,667,000	\$7,667,000	
Expand Plant Capacity/Infrastructure	15,000,000	15,000,000	
Renovate outpatient Clinic in KY Clinic	2,000,000	2,000,000	
Renovate Cooperstown - Phase IV and IVA	1,705,000	1,705,000	
Renovate Education Space in Medical Science	2,300,000	2,300,000	
Renovate Labs in Pharmacy Building	1,400,000	1,400,000	
Renovate Parking Structure #1	7,714,000	7,714,000	
Replace Cooling Plant Chillers	5,000,000	5,000,000	
Replace Holmes Elevator	585,000	585,000	
Expand Patient Parking in Structure #3	7,000,000	7,000,000	
Replace Student Housing - Fraternity House #1	6,000,000	6,000,000	

**2002-04 Capital Projects Recommendation
Agency Bond Pool
Projects Eligible for Funding**

Institution and Project Title	Project Scope	Agency Bonds	Institutional Funds
UK Hospital: Renovate Roach Building 4th Floor	3,990,000	3,990,000	
UK Subtotal	<u>\$60,361,000</u>	<u>\$60,361,000</u>	
Western Kentucky University			
Renovate Downing University Center	\$11,320,000	\$11,320,000	
Total Fire Safety, Major Renovations, Replacements, and Infrastructure Upgrade Projects	<i>\$168,383,000</i>	<i>\$168,383,000</i>	
New Facilities			
Eastern Kentucky University			
Construct Greek Row	\$1,800,000	\$1,800,000	
Morehead State University			
Construct Family Housing Complexes Phase II	\$4,000,000	\$4,000,000	
Construct Parking Structure	6,000,000	6,000,000	
MoSU Subtotal	<u>\$10,000,000</u>	<u>\$10,000,000</u>	
Murray State University			
Construct New Dormitories	\$10,154,000	\$10,154,000	
Northern Kentucky University			
Construct Parking Deck	\$9,100,000	\$9,100,000	
Construct Village Housing	20,000,000	20,000,000	
NKU Subtotal	<u>\$29,100,000</u>	<u>\$29,100,000</u>	
University of Kentucky			
Construct Parking Structure	\$16,280,000	\$16,280,000	
UK Hospital: Design Patient Bed Tower	10,000,000	10,000,000	
UK Subtotal	<u>\$26,280,000</u>	<u>\$26,280,000</u>	
University of Louisville			
Construct Cardinal Park Natatorium	\$19,824,000	\$7,335,000	\$12,489,000
Expand HSC Parking Garage - Add Two Floors	4,794,000	4,794,000	
UofL Subtotal	<u>\$24,618,000</u>	<u>\$12,129,000</u>	<u>\$12,489,000</u>
Total New Facilities	<i>\$101,952,000</i>	<i>\$89,463,000</i>	<i>\$12,489,000</i>
Total System Agency Bond Pool Projects	<i>\$270,335,000</i>	<i>\$257,846,000</i>	<i>\$12,489,000</i>

**2002-04 Capital Projects Recommendation
Agency Funds**

Institution/Institution Priority / Project Title		Project Scope	
Eastern Kentucky University			
1	Expand and Renovate Presnell Building	\$	2,000,000
2	Expand Indoor Tennis Facility		1,000,000
3	Expand, Upgrade Campus Data Network		1,000,000
4	Purchase Networked Education System Component		2,050,000
5	Purchase of Property		3,000,000
6	Renovate Watts Property (Elmwood)		2,000,000
7	Upgrade Academic Computing		1,000,000
8	Upgrade Administrative Computing System		1,100,000
EKU Subtotal		\$	13,150,000
Kentucky State University			
1	Expand Student Center		4,400,000
2	Enhance Distance Education		560,000
3	Enhance Web Site		410,000
4	Expand Cooperative Extension Building		3,224,000
5	Extend Fiber Network to South Campus		806,000
6	Implement Smart Card Technology		1,120,000
7	Migrate to Client-Server & Laptop Campus Tech		860,000
KSU Subtotal		\$	11,380,000
Kentucky Community and Technical College System			
1	Computer Interfaced Distillation Column	\$	114,000
2	Diagnostic Medical Sonography Unit		110,000
3	Enclose Courtyard/Roof, Falkenstine Hall		1,359,000
4	Install FiberOptics, Allied Hlth Bldg		558,000
5	KCTCS Equipment Pool		20,000,000
6	Master Plan Devel & Upgrade Pool		650,000
7	Multi-Engine Turbine Power Aircraft		300,000
8	New Telephone System Owensboro CC & TC		340,000
9	Purchase Helicopter for Aircraft Tech Prgm, JTC		271,000
10	Renovate HVAC Syst, Davies Co Campus		2,440,000
11	Replace HVAC System, 77 Addit, Laurel TC		1,280,000
12	Upgrade for ADA/Fire Safety, Somerset CC		4,585,000
KCTCS Subtotal		\$	32,007,000
Morehead State University			
1	Acquire Land Related to Master Plan	\$	2,000,000
2	Construct KY Ctr for Traditional Music		1,000,000
3	Enhance Distance Learning Systems		2,500,000
4	Enhance Library Automation Resources		750,000
5	Enhance Network/Infrastructure Resources		2,250,000
6	Expand Compressed Video Resources		1,890,574
7	Expand Student Wellness Center		700,000
8	Purchase HPLC-Mass Spectrometer		140,000
9	Purchase Instructional & Support Equip		1,334,000
10	Purchase Instructional Tech Initiatives		2,159,000
11	Purchase Nuclear Magnetic Reson. Equip		210,000
12	Purchase Tour Bus		400,000
13	Reclaim Combs Theatre Area		1,100,000
14	Renovate Button Auditorium		3,000,000
15	Reconstruct Central Campus		780,000
16	Upgrade Administrative Office Systems		2,000,000
17	Upgrade Instruct. PCs/LANS/Peripherals		2,500,000
MoSU Subtotal		\$	24,713,574
Murray State University			
1	Acquire Land	\$	500,200
2	Construct Addition to Equine Instruction Fac		650,000
3	Install 350 Ton Chiller - Reg Special Events Ctr		400,000
4	Install Baseball Field & Stadium Sidewalk Lights		600,000

2002-04 Capital Projects Recommendation
Agency Funds

Institution/Institution Priority / Project Title		Project Scope
5	Purchase Broadcasting Education Lab Equipment	200,000
6	Purchase BVC Electron Microscope-Scanning Type	300,000
7	Purchase BVC Electron Microscope-Transmission	250,000
8	Purchase Fine Arts Studio Equipment	419,000
9	Purchase ICP-MS Fisions Instruments	142,000
10	Purchase Music Computer Equipment	250,000
11	Purchase Optics Lab Equipment	170,000
	Purchase Business & Public Affairs Equipment	300,000
	Purchase Central On-line Storage System	966,000
	Replace Telephone Switching System	1,000,000
	Upgrade campus Network to Gigabit Ethernet System	1,000,000
	Purchase/InstatlI COLT Ubiquitous Computing Program	434,000
	Purchase College of Science Instructional/Research Equipment	300,000
12	Purchase Recording/Playback Lab & Instruments	188,000
	MuSU Subtotal	\$ 8,069,200
Northern Kentucky University		
1	Design New Student Union	1,200,000
2	Construct Intramural Sports Fields	750,000
3	Renovate Welcome Center	700,000
4	Purchase Coach Bus	375,000
5	Purchase Color Press	235,000
6	Purchase Digital Telecom System	1,900,000
7	Purchase Land (2002-2004)	2,500,000
8	Enhance Information Technology Infrastructure	2,700,000
9	Purchase NMR Spectrometer	385,000
10	Reconstruct Central Plaza	900,000
11	Relocate Baseball Field	1,500,000
12	Replace Admin Application System	2,500,000
	NKU Subtotal	\$ 15,645,000
University of Kentucky - University System		
1	Expand Early Childhood Education Lab	\$ 8,000,000
2	Improve Central Heating Plant	2,750,000
3	Replace Master Clock and Bell System	1,500,000
4	Renovate Livestock Disease Diag. Lab	2,800,000
5	Install Chilled Water Pipe-Clg 2 to Pit	1,300,000
6	Install Cooling Secondary Pumping	2,250,000
7	Renovate Med Center Library	2,000,000
8	Acquire Land	15,000,000
9	Renovate Running Track	2,500,000
12	Renovate Research Labs in Med Center, I	750,000
13	Renovate Ag North Façade	3,820,000
14	Fit-up Research Labs-Allied Health Bldg	7,000,000
15	Renovate Research Labs in Med Center, II	900,000
16	Renovate King South Building I	8,025,000
17	Renovate Research Space-Nursing Building	540,000
18	Upgrade Communication Infrastructure, II	450,000
19	Construct Environmental Institute	12,604,000
20	Renovate Research Space Med Center, I	1,500,000
21	Renovate the COHR in the Dental Building	1,875,000
22	Install Medical Center Chilled Water Loop	625,000
24	Lease Purch. Campus Infrastruct. Upgrade	3,500,000
25	Lease Purch. High Perf. Research Comp.	5,000,000
26	Lease Purchase Computing Facility UPS	400,000
27	Lease Purchase Large Scale Computing	3,500,000
28	Lease Purchase Networked Printer	200,000
29	Lease Purchase Pool	10,401,000
30	Lease Purchase Telephone Switch	3,000,000
31	Lease Purchase Video Switch	250,000

2002-04 Capital Projects Recommendation
Agency Funds

Institution/Institution Priority / Project Title	Project Scope
32 Purchase 3-D Scaling Device	100,000
33 Purchase ABI Prism Sequence Detect Sys	100,000
34 Purchase Analytical Biosensor	275,000
35 Purchase Area Detector Diffractometer	310,000
36 Purchase Automated DNA Sequencer	130,000
37 Purchase Behav. Monitor. & Analysis Sys.	150,000
38 Purchase Campus Call Auto Dial	125,000
39 Purchase Capillary Genetic Analyzers	800,000
40 Purchase Chain Reaction Analyzer	150,000
41 Purchase Chromatograph Mass Spect., I	250,000
42 Purchase Chromatograph Mass Spect., II	258,000
43 Purchase Combination Metabolic Analyzer	123,000
44 Purchase Compressed Video-Hazard	141,000
45 Purchase Confocal Microscope	325,000
46 Purchase Confocal Microscope	200,000
47 Purchase Database Testbed	225,000
48 Purchase Digital Router	100,000
49 Purchase DNA Chip Analysis System	160,000
50 Purchase DNA Microarray Chip Reader	450,000
51 Purchase DNA Microarray Facility	300,000
52 Purchase DNA Microarray System	285,000
53 Purchase DNA Sequencer	135,000
54 Purchase DNA Sequencer	125,000
55 Purchase DNA Sequencer, I	134,000
56 Purchase DNA Sequencer, II	158,000
57 Purchase DNA Sequencer/Genetic Analyzer	110,000
58 Purchase DNA Synthesizer	103,000
59 Purchase Electron Spin Resonance Instr.	200,000
60 Purchase Electrophysiologic Analy. Sys.	207,000
61 Purchase Encapsulator	151,000
62 Purchase Environmental Test System	125,000
63 Purchase Epi-Fluorescence Microscope	134,000
64 Purchase ESCA-X-ray Photoelect Micro.	400,000
65 Purchase Flow Cytometer	108,000
66 Purchase Flow Cytometry Lab Equipment	375,000
67 Purchase Fluor. Micro. & Image Analy.	150,000
68 Purchase Fluores. (Lumines.) Imaging Sys	105,000
69 Purchase Fluorescence Activ. Cell Sorter	200,000
70 Purchase Fluorescence Analyzer	109,000
71 Purchase Fluorescent Activ. Cell Sorter	237,000
72 Purchase Fluorescent Cell Sorter	200,000
73 Purchase Forage Harvester System	150,000
74 Purchase Freeze-Thaw Apparatus	100,000
75 Purchase Garbage Truck Front Loader	165,000
76 Purchase Gas Analyzer	100,000
77 Purchase Gas Chromatograph Mass Spect.	101,000
78 Purchase Gas Chromatograph/MSD	110,000
79 Purchase GC Mass Spectrograph	186,000
80 Purchase Gene Chip Analysis Machine	250,000
81 Purchase Gene Chip Instrument System	450,000
82 Purchase Genetic Analyzer	140,000
83 Purchase GIS Teaching Lab	160,000
84 Purchase GVG Video Switch	250,000
85 Purchase High Perf. Liq.Chromatography	131,000
86 Purchase High Power CO2 Laser	250,000
87 Purchase High Press. Liquid Chrom.	200,000
88 Purchase High Res. Optical Microscope	110,000
89 Purchase High Res. Phosphor Imager	206,000
90 Purchase High Temp. Optical Micro.	105,000

2002-04 Capital Projects Recommendation
Agency Funds

Institution/Institution Priority / Project Title		Project Scope
91	Purchase High-Speed Signal Processor	150,000
92	Purchase Holographic Sys/Image Analyzer	110,000
93	Purchase HPLC Mass Spectrophotometer	220,000
94	Purchase Image Analysis System	206,000
95	Purchase Image Analyzer System	206,000
96	Purchase Inductive Coupled Plasma Spec.	110,000
97	Purchase Inductive Coupled Plasma Unit	110,000
98	Purchase Inductive Coupled Spec Sys	120,000
99	Purchase Interaction Analyzer	150,000
100	Purchase Inverted Microscope-Fluoroscope	155,000
101	Purchase Inverted Scope	100,000
102	Purchase Laser Confocal Microscope	312,000
103	Purchase Laser System	250,000
104	Purchase LCT Flight Mass Spec.	220,000
105	Purchase LIMS Bioinformatics Equipment	136,000
106	Purchase Liquid Chromatograph	105,000
107	Purchase Liquid Chromatograph-Mass Spec.	320,000
108	Purchase Liquid Filling/Stopping Line	351,000
109	Purchase Mass Spectrometer	400,000
110	Purchase MB Ultracentrifuge	354,000
111	Purchase MB/GT Phospho-Imager	128,000
112	Purchase Multiphoton Imaging System	505,000
113	Purchase Multiphoton Scanning Microscope	300,000
114	Purchase MultiUnit Microbial Chamber	250,000
115	Purchase NIR Spectrophotometer	125,000
116	Purchase Open MRI Unit	1,000,000
117	Purchase Optical Disk Server	180,000
118	Purchase Patient Classification Equip.	260,000
119	Purchase Physiology Workstation	101,000
120	Purchase Protein Synthesizer	206,000
121	Purchase Quadrupole Mass Spec.	360,000
122	Purchase Rapid Scanning Monochromator	130,000
123	Purchase Research Grade Light Microscope	103,000
124	Purchase Scanning Electron Microscope	175,000
125	Purchase Semi-solid Manufacturing Equip.	211,000
126	Purchase Sequence Detection System	100,000
127	Purchase Spect. for Oligonuc. Analy.	250,000
128	Purchase Studio Recording Equipment	113,000
129	Purchase Telemedicine Rural Health	416,000
130	Purchase Telemedicine Systems	600,000
131	Purchase Terminal Sterilizing Autoclave	221,000
132	Purchase Ultracentrifuge	117,000
133	Purchase Virtual Environment Simulator	125,000
134	Purchase X-ray Defractometer	700,000
135	Upgrade Scanner System	500,000
UK-US Subtotal		\$ 125,288,000
University of Kentucky - Hospital		
1	Consolidate Imaging Services - Hospital	\$ 3,675,000
2	Construct Bldg Connectors III - Hospital	3,000,000
3	Construct Business Facility II - Hospital	9,000,000
4	Construct Limited Stay Facility-Hospital	5,460,000
5	Construct Outpatient Svs III - Hospital	4,700,000
6	Construct Outpt Care Fac II - Hospital	6,172,000
7	Construct Outpt Diag/Treat Fac II - Hosp	12,672,000
8	Construct Parking Structure III-Hospital	7,350,000
9	Construct Patient Care Fac II - Hospital	7,638,000
10	Construct Primary Care Ctr II - Hospital	10,172,000
11	Construct Storage/Dist Center - Hospital	1,019,000
12	Create Universal Nursing Unit - Hospital	1,000,000

2002-04 Capital Projects Recommendation
Agency Funds

Institution/Institution Priority / Project Title		Project Scope
13	Expand Data Systems III - Hospital	700,000
14	Expand Parking II - Hospital	3,200,000
15	Expand Surgical Services - Hospital	3,200,000
16	Implement Land Use Plan III - Hospital	2,625,000
17	Implement Land Use Plan IV - Hospital	2,500,000
18	Modify Nursing Unit XI - Hospital	1,100,000
19	Modify Nursing Unit XII - Hospital	3,500,000
20	Protect Environment II - Hospital	1,575,000
21	Purchase Accelerator	1,600,000
22	Purchase Angiography Unit	1,276,000
23	Purchase Angiography Unit	1,740,000
24	Purchase ATL Ultrasound	220,000
25	Purchase Biplane Angiography	1,160,000
26	Purchase Cardiac Cath. Image Mgmt. Sys.	957,000
27	Purchase Cardiac Ultrasound	1,600,000
28	Purchase C-Arm X-Ray Unit	350,000
29	Purchase C-Arm X-Ray Unit	275,000
30	Purchase C-Arm X-Ray Unit	440,000
31	Purchase Clinical System Enterprise	5,800,000
32	Purchase Computing Infrastructure Update	2,500,000
33	Purchase CR PAC Server	275,000
34	Purchase CT Scanner	1,914,000
35	Purchase CT Scanners	3,480,000
36	Purchase CT Simulator	1,160,000
37	Purchase CT Simulator	1,200,000
38	Purchase Data Storage Facility Upgrade	750,000
39	Purchase Diagnostic Radiology Unit	330,000
40	Purchase Dig. Medical Record Expansion	4,640,000
41	Purchase Digital Enhancement	1,085,000
42	Purchase Digital Imaging	957,000
43	Purchase Digital Orbiter Camera	275,000
44	Purchase Digital Radiology	1,020,000
45	Purchase Digital Radiology	4,060,000
46	Purchase EKG Unit	400,000
47	Purchase EKG Unit	440,000
48	Purchase Electrophysiology Lab	5,800,000
49	Purchase EMG Unit	250,000
50	Purchase Endoscopic Ultrasound	440,000
51	Purchase Endoscopic Video System	300,000
52	Purchase Endoscopic Video Ultrasound	275,000
53	Purchase Filmless System	150,000
54	Purchase Fluoroscopy Unit	550,000
55	Purchase Gen. Rad./Fluoroscopic Unit	550,000
56	Purchase Gen. Rad./Fluoroscopic Unit	500,000
57	Purchase Intracardiac Laser	550,000
58	Purchase Intracardiac Laser	500,000
59	Purchase Intraoperative Radiation Therapy	1,300,000
60	Purchase Laboratory Analyzer	500,000
61	Purchase Linear Accelerator	2,050,000
62	Purchase Managed Care Enterprise	1,160,000
63	Purchase Minimally Invasive Room	1,700,000
64	Purchase Mobile CT	1,000,000
65	Purchase Mobile CT	1,100,000
66	Purchase Mobile Fluoroscopic Unit	250,000
67	Purchase Mobile Radiology Unit	250,000
68	Purchase MRI Upgrade	500,000
69	Purchase Nuclear Medicine Camera	1,000,000
70	Purchase OB Ultrasound	350,000
71	Purchase OR Periop. IS Doc.Syst. Upgrade	150,000

2002-04 Capital Projects Recommendation
Agency Funds

Institution/Institution Priority / Project Title		Project Scope
72	Purchase Patient System Enterprise	4,640,000
73	Purchase Portal Imaging System	250,000
74	Purchase Portal Imaging System	200,000
75	Purchase QuadRIS Upgrade	300,000
76	Purchase Rad. Med. Software/System	350,000
77	Purchase Radiation Therapy Unit Upgrade	400,000
78	Purchase Radiographic Fluoroscopic Unit	150,000
79	Purchase Radiographic Fluoroscopic Unit	200,000
80	Purchase Radiographic Unit	350,000
81	Purchase Radiographic Unit	400,000
82	Purchase Radiology Ultrasound	440,000
83	Purchase SPECT System	1,000,000
84	Purchase Steam Autoclave	450,000
85	Purchase Sterrad Sterilizer	450,000
86	Purchase Surgical C-Arm(ISS)System	650,000
87	Purchase Surgical Laser	500,000
88	Purchase Surgical Microscope	500,000
89	Purchase Teleradiology	200,000
90	Purchase Ultrasound Image Management	800,000
91	Purchase Upgrade - HIS Computing Facil.	2,900,000
92	Purchase Upgrade for Servers	800,000
93	Purchase Vascular Ultrasound	300,000
94	Purchase Vascular Ultrasound	900,000
95	Purchase Washer	350,000
96	Renovate Kitchen I - Hospital	1,050,000
97	Upgrade Building/Site IV - Hospital	800,000
98	Upgrade Communication Svs - Hospital	1,000,000
99	Upgrade Diagnostic Services XI-Hospital	1,500,000
100	Upgrade Diagnostic Services XII-Hospital	1,000,000
101	Upgrade HVAC II - Hospital	3,500,000
102	Upgrade Nutrition Services II - Hospital	1,000,000
103	Upgrade Support Services II - Hospital	1,172,000
104	Upgrade Transport Systems IV - Hospital	735,000
105	Upgrade Transport Systems V - Hospital	800,000
106	Upgrade Utility Systems VI - Hospital	1,500,000
	UK-H Subtotal	\$ 182,874,000
University of Louisville		
1	Expand - Research Resources Center	\$ 10,383,000
2	Purchase - Property Acquisition	1,300,000
3	Construct - Boathouse for Women's Rowing Program	2,488,000
4	Purchase - Field Turf - Practice Field Facility	750,000
5	Expand - Oppenheimer Hall for Social Work	5,450,000
6	Expand - Cardinal Arena in Student Activities Center	4,000,000
7	Renovate - Dental Clinic and Sterilization	3,637,000
8	Renovate - K-Wing 2nd & 4th Floors (portions)	1,040,000
9	Expand - Ekstrom Library - New Wing	14,000,000
10	Construct - Residence Hall - 400 Beds, Phase III	19,718,000
11	Purchase - Parking Spaces - Health Sciences Campus	825,000
12	Renovate - MDR Building, Phase IV	2,530,000
13	Renovate - Stoddard-Johnston - Married Housing	5,829,000
14	Purchase - Plasmon Resonance Instrument	250,000
15	Purchase - High Resolution Mass Spectrometers	1,150,000
16	Purchase - Flow Fluorescence Activated Cell Analyzer	130,000
17	Purchase - Microcalorimeter	140,000
18	Purchase - Confocal Microscope	280,000
19	Purchase - Neuro Scan ESI-128: 128 Channel ERP System	140,000
20	Purchase - Automated Synthesizer	190,000
21	Purchase - EPR Spectrometer Update	125,000
22	Purchase - Laser Microfabrication Lab	525,000

2002-04 Capital Projects Recommendation
Agency Funds

Institution/Institution Priority / Project Title		Project Scope
23	Purchase - X-Ray Diffraction Module	750,000
24	Purchase - Particle Imaging Velocimetry (PIV) System	167,000
25	Purchase - Confocal Laser Scanning Microscope	400,000
26	Purchase - CNC Grinding Machine	164,000
27	Purchase - Load Application System	240,000
28	Purchase - Axis (5) CNC Machining Center	150,000
29	Lease - Color Digital Output Engine	700,000
30	Lease - High Volume Output Devices Duplicators	876,000
31	Lease - High Speed Graphics Imaging System	200,000
32	Purchase - Digital Communications Network	2,000,000
33	Purchase - Network Switching System	2,000,000
34	Purchase - Electronic Research Information System (name change)	2,000,000
35	Purchase - Computer Workstations for Libraries	466,000
36	Purchase - High Availability Enterprise System	1,430,000
37	Purchase - Client Server System - File Server	1,100,000
38	Purchase - Computer Processing System	2,000,000
39	Purchase - Engineering Scientific Processor	1,100,000
40	Purchase - Supercomputing System	1,500,000
41	Purchase - Upgrade Supercomputer - Dehlem Lab	400,000
42	Purchase - Autonomous Mobility Platform	460,000
43	Purchase - Concave Reality Unit	250,000
44	Purchase - High Energy Physics Data Analysis System	350,000
45	Purchase - Virtual Reality Display System	180,000
46	Purchase - Gel Blot Image Analysis System	145,000
47	Purchase - High Resolution Hybrid Mass Spectrometer	600,000
48	Purchase - Digital Micro-Luminography System for TEM	120,000
49	Purchase - Electronic Darkroom	193,000
50	Purchase - Laser Desorption Ionization Mass Spectrometer	200,000
51	Purchase - Molecular Tagging Velocimetry System	245,000
52	Purchase - Peak 3D Equipment	120,000
53	Purchase - Deposition Attachment - UHV Facility	500,000
54	Purchase - Electric Injection Molding Machine	110,000
55	Purchase - Materials Testing System	218,000
56	Purchase - Specialized Central Processing Unit	500,000
57	Purchase - Protein Chip Analyzer	200,000
58	Purchase - Nucleic Acid Microchip Analyzer	200,000
59	Purchase - Analytical Ultracentrifuge	145,000
60	Purchase - High Resolution SEM with Backscatter Detector	360,000
61	Purchase - Intermediate Voltage Transmission Electron Microscope	550,000
62	Purchase - Micro-Computed Tomography Imaging System	480,000
UL Subtotal		\$ 98,649,000
Western Kentucky University		
1	Purchase Digital Television Transmission System	3,321,000
2	Purchase Property	400,000
3	Renovate Central Heat Plant - Phase I	1,273,000
4	Renovate Garrett Conference Center - Design	858,000
5	Renovate Van Meter Hall - Design	688,000
6	Acquire Video Server	800,000
7	Replace IT Server	880,000
8	Renovate/Construct Telephone Infrastructure	3,000,000
WKU Subtotal		\$ 11,220,000
System Total		\$ 522,995,774

Table C-6

2002-04 Capital Projects Recommendation
Guaranteed Energy Savings/Performance Contracting Projects

Institution and Project Title	Project Scope	Institutional Authority
Eastern Kentucky University	\$10,000,000	\$10,000,000
Kentucky Community and Technical College System	5,000,000	5,000,000
Kentucky State University	3,000,000	3,000,000
Morehead State University	5,000,000	5,000,000
Murray State University	10,000,000	10,000,000
Northern Kentucky University	3,000,000	3,000,000
University of Kentucky and Lexington Community College	10,000,000	10,000,000
University of Louisville	5,000,000	5,000,000
Western Kentucky University	10,000,000	10,000,000
System Total	\$61,000,000	\$61,000,000

2001-02 Capital Projects Recommendation
Capital Projects Seeking Current Year Authority

Institution and Project	Project Scope	Alternative Fund Source
Western Kentucky University		
Renovation of E. A. Diddle Arena	\$30,300,000	Local Bonds
Guaranteed Energy Savings/Performance Contracting	4,250,000	3rd Party Financing
Total	\$34,550,000	

Council on Postsecondary Education
November 5, 2001

2002-04 Biennial Budget Request Agency Operations, KYVU/KYVL, & Pass-Through Programs

The council staff recommends a state appropriation request of \$20,731,300 in 2002-03 and \$21,157,200 in 2003-04 for agency operations, the KYVU and KYVL, and pass-through programs as follows.

Current Services Request

Biennial budget instructions issued by the Legislative Research Commission direct agencies to prepare a current services request assuming a 2 percent annual increase in state appropriations. The budget instructions also direct agencies to plan for an annual 5 percent salary increase for each state employee. All expected increases, including salary increases, health insurance rate increases, and any inflationary increases in operating expenses, must be absorbed within the 2 percent annual increase in state appropriations. Given the revised revenue forecast, these instructions may not shape the final executive or legislative budget.

Kentucky Virtual Library

The Kentucky Virtual Library has been an unqualified success with over 600,000 hits per month. The public and independent institutions, along with the Kentucky Department of Education and the Kentucky Department for Libraries and Archives, formed a consortium that provides all citizens of Kentucky broad access to 34 electronic databases, allows for postsecondary education institutions and other libraries to share a common library management system, and extends a ground-courier service for delivery of instructional and library materials across the Commonwealth. The 2002-04 biennial budget proposal includes a request for \$500,000 for an additional six electronic databases and an allocation of \$300,000 to upgrade the library management system, replace the library search software, and permit continuing upgrade of computer-based systems. The \$500,000 for electronic databases is to be matched by the public and independent institutions.

Pass-Through Programs

The SREB contract spaces pass-through program provides 36 seats in veterinary medicine at Auburn University and Tuskegee University and 14 spaces in optometry at Southern College of Optometry in Tennessee and the University of Alabama and Indiana University optometry schools. SREB has provided the council with the rates for these spaces in 2002-04. The staff recommends \$150,200 in 2002-03 and an additional \$237,200 in 2003-04 to maintain the current veterinary and optometry seats at the adjusted tuition rates.

The Governor's Minority Student College Preparation Program prepares minority middle-school students for college by giving them on-campus experiences. Again, the council approved non-recurring funds from the Technology Initiative Trust Fund to expand by 10 the number of sites, primarily at KCTCS institutions. The staff recommends requesting \$100,800 of state funds to replace those non-recurring funds so this program can continue at the current level.

Additional spaces in the SREB Faculty Diversity Program were not funded in 2002-04. Therefore, with the approval of the administration, the council approved \$187,000 in non-recurring funds from the Technology Initiative Trust Fund for 11 additional minority doctoral scholars in the program. The staff recommends requesting state funds to replace those non-recurring funds so this program can continue at the current level.

Agency Capital Budget Request

A capital expense item of \$600,000 in 2002-03 for the acquisition of servers to house all Web-based distance learning course materials at the institutions is included in the KYVU budget request.

State agencies are required to present all leases in excess of \$200,000 as a capital expense item. The lease for the offices in the Capital Center Complex are just below the \$200,000 limit and may exceed that limit during the 2002-04 biennium. We will report the lease as a capital item.

The council staff presented a tentative capital project for expansion of the Kentucky Postsecondary Education Network (KPEN) as part of the agency's six-year capital plan. The 2002-04 budget request includes \$1.0 million for network expansion. At this time, we do not know whether the funds that are requested for the network will be used to issue bonds for the purchase of equipment (capital) or whether they will support payments for additional bandwidth (operating expense). Neither, of course, do we know whether the funding will be provided.

A group of state and university technology officers is looking at the requirements for a new, improved network. The capital project request gives the council options to either allocate all or part of the \$1.0 million requested in the Technology Initiative Trust Fund to operating expenses or debt service payments.